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UNCLAS SECTION 01 OF 02 CAPE TOWN 000099

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SENSITIVE BUT UNCLASSIFIED

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SUBJECT: CAPE TOWN PORT FACES LOGISTICAL CHALLENGES

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11. (SBU) Summary. Multiple uses, lack of responsiveness to customers, windy weather, a land-locked location and poor planning create logistical challenges for South Africa's Port of Cape Town. Port productivity is below international standards and ships face excessive waits for port access. The Port of Cape Town, enjoying a prime location and facing increasing user demands, will find it difficult to support this economic growth without careful planning. End Summary.

12. (SBU) Embassy transportation officer visited the Port of Cape Town March 21-23 to identify existing logistical challenges to port operations. The multi-purpose port includes facilities for pleasure yachts, ship repair and supply, private residences, retail shopping, container and bulk goods loading (mostly fruit), cruise liners and storage. Conflicting demands from multiple users has made port use planning difficult and causes logistical challenges. The Cape Town Chamber of Commerce hosts a Port Liaison Forum which serves as the primary means of communicating port logistics issues. Port customers told transportation officer that the National Ports Authority (NPA) does not provide such a forum for hearing their concerns and NPA is not responsive when logistical issues are raised. (Note. NPA owns the port and provides infrastructure. South Africa Ports Operators (SAPO) operates the port. Both NPA and SAPO are part of TRANSNET, South Africa's parastatal transportation company. End Note.)

13. (SBU) Cape Town port container terminal manager Oscar Borchards told transportation officer that high winds caused port shut-downs for thirty days last year. When winds reach speeds of 80 km/hr or greater, usually during the November to May windy season, the container terminal must shut down as a safety precaution. Although the duration of each shut-down is normally less than 24 hours, it causes a backlog of ships and trucks waiting to leave or enter the port. Borchards also reported that the port is hindered by inefficient and outmoded gantry cranes used to load shipping containers. Most of the cranes are over thirty years old and are not wide enough to service the larger post-panamax ships efficiently. As a consequence, the port's container terminal operates at an efficiency of 23 containers/hour/crane compared with an international minimum standard of 25 containers/hour/crane. Borchards

hopes that new cranes will be purchased by the NPA and that the productivity rate will then rise to 30 containers/hour/crane.

14. (SBU) Port expansion is hindered by its land-locked location. The land behind the port is used for a critical and overburdened city automobile traffic artery. Adjacent land has already been developed into expensive residential and commercial uses. Seven years ago NPA submitted an Environmental Impact Assessment to extend the port sea-ward by widening and deepening the channels, using excavated material to extend the length and width of the container terminal. Enlarging the port channels would also allow the port to accommodate newer, larger ships which require deeper passage and docking. Residents of a nearby upscale beachfront community complained that reconfiguring the port will cause their beachfront to be eroded by tides and wind. NPA continues to seek approval of the project, despite community opposition.

15. (SBU) Poor planning by the NPA was cited by port customers as a reason for logistical challenges being faced at the multi-use facility. Port planning in South Africa requires that individual ports create their own plans which then form a national ports plan, developed by the NPA. Port customers say that these plans are kept secret. NPA's Cape Town Port Marketing Manager Selma Schwartz-Claussen told transportation officer that as part of the national port plan, NPA is looking at simplifying port operations by reducing the range of operations carried out at the port. Schwartz-Claussen said that NPA is exploring the transfer of ship repair and supply operations from the Cape Town port to the Port of Saldanha, located north of Cape Town along the Atlantic coast. Schwartz-Claussen said that while port plans are not certain, NPA could convert the ship repair and supply areas to create a dedicated-use cruise line terminal and expand residential and retail

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areas within the port. South Africa Oil and Gas Alliance General Manager Angelo Harris said such a move would be opposed, as the Port of Saldanha is located in an isolated area without adequate housing, rail or road infrastructure. Most ships being supplied and repaired in Cape Town are oil tankers from Angola and ships must now wait two or three days to enter the port for ship repair and supply, according to Harris.

16. (SBU) Comment. The City of Cape Town is enjoying an economic boom, fueled by a rapid rise in the number of tourists and hotels and escalating property prices. The Port of Cape Town, enjoying a prime location and facing increasing user demands, will find it difficult to support this economic growth without careful planning. Potential solutions include the transfer of some port operations to other ports such as the port of Saldanha to the north or the new port of Coega, 20 kilometers north of Port Elizabeth in Easter Cape Province. End Comment.

LA LIME